

EXECUTIVE SUMMARY

Development of the Uniform Chart of Accounts

Mandate

Under R.I. General Law §16-2-9.4, the Office of the Auditor General and the R.I. Department of Elementary and Secondary Education (“RIDE”) are charged with promulgating a uniform system of accounting, including a Uniform Chart of Accounts (“UCOA”). Significant work has been performed toward fulfilling this mandate.

What is a Uniform Chart of Accounts?

It is a uniform system of numbers used to account for all of the revenues and expenditures in schools. With a Uniform Chart of Accounts in place, if you want to know what is being spent on health benefits in any district across the state, you can look for a specific account number assigned to health benefits and find this information regardless of whether you are looking at a financial report or a budget for North Smithfield, Barrington, Providence or any other district.

A chart of accounts provides the framework to capture original transactions, organize that data logically, and provide a robust basis for reporting on the results. A well-designed chart of accounts satisfies these requirements by providing the ability to isolate the data into segmented “buckets” and by using tools to combine data from selected buckets to allow for meaningful analysis and reporting.

A uniform chart of accounts is used by multiple entities such as School Districts and Charter Schools. The primary objective of the UCOA is to meet the internal and external reporting needs of the Districts and the State by providing consistent detail in the general ledger to address the questions and need for information of stakeholders at all levels.

For effective analysis, accounting data must be prepared in a consistent and comparable method and must be provided using uniform categories and groupings. The Uniform Chart of Accounts produces standardized processes for budgeting and accounting for transactions.

The UCOA provides these global attributes:

Transparency – Clear, detectable view of how dollars are invested in logical, granular detail;

Uniformity – Conforming to the same principles, standards or rules used from district to district to ensure consistency;

Accountability – Precise rules for capturing and reporting data aligned to specific goals and objectives; and

Comparability – Uniformity of method and content to allow comparison between different, but like entities.

Another objective of the UCOA is to meet the financial reporting requirements for RIDE’s Data Warehouse for school district data from all Districts. Those requirements include the flexibility to perform appropriate analysis, including Return on Investment analysis. The UCOA provides the opportunity to analyze financial information alongside student and teacher information providing detailed information upon which to perform this analysis.

Development Process

The Development process represents the first phase of three planned phases. Phase I included the development of the UCOA along with the development of timelines and action plans for Phases II and III. Information concerning the additional phases can be found in the complete report.

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To gather necessary input and provide additional guidance for the successful development of the UCOA, RIDE established a 13-District UCOA Workgroup.

The UCOA Workgroup provided feedback on proposed components of the UCOA, as well as review and approval of the components developed during the process. These 13 Districts are ready to adopt the UCOA under a pilot program and begin utilizing this new accounting methodology in their districts.

Accounting System Analysis

The systems in 25 of the Districts will accommodate the UCOA with no modifications to the existing software.

The status of the remaining 24 Districts is as follows:

- 14 accounting systems must be replaced (10 of these are Charter Schools);
- 5 systems must be upgraded in order to accommodate the UCOA;
- 2 districts utilize the State's RIFANS system and will continue to do so; and
- 3 districts (No. Providence, Newport and Centrals Falls) were already in the process of replacing their accounting systems prior to the UCOA project. Costs for their accounting systems have not been included in this analysis.

A survey and analysis of the accounting systems used is provided at the end of this report.

Timeline

The following is the timeline for the UCOA Project which began with development in 2006. Full implementation will be completed in 2009.

Item	Start Date	End Date
Phase I – Development of UCOA	9/1/06	6/30/07
Phase II – Training		
Develop Accounting Manual	7/1/07	8/31/07
Develop and Issue RFP's	5/1/07	6/30/07
Develop Training Materials	7/1/07	8/15/07
Phase 3: Implementation		
Commence Training of Pilots	9/1/07	10/31/07
Pilots begin use in Budget Prep Process	1/1/08	6/30/08
Pilots Begin Operational Use with Actual Data	7/1/08	N/A
Commence Training of other Districts	9/1/08	10/31/08
All Districts begin use in Budget Prep Process	1/1/09	6/30/09
All Districts Begin Operational Use with Actual Data	7/1/09	N/A

Cost of Implementation

The analysis of costs included evaluating the capabilities of current accounting systems used by Districts, creating the necessary documentation, providing training and implementing the UCOA.

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The estimated External (third party vendors) and Internal (RIDE and Districts) costs are:

Topic	External	Internal	Total
Change to new UCOA: <i>Costs for the necessary work to modify the accounting systems to accommodate the new COA. Includes vendor costs to support and assist as well as district internal costs. Nearly every district requires some work in this area.</i>	449,900	183,710	633,610
Software Modifications: <i>Costs related to the vendor modification and reinstall of accounting software.</i>	0	45,540	45,540
License Fee for Upgrade and Services to Upgrade: <i>Costs related to upgrading existing software packages and includes both license fees and internal costs.</i>	69,115	20,080	89,195
New Accounting Software: <i>Internal and external costs associated with installing and implementing a new system</i>	552,405	129,700	682,105
New Hardware: <i>Costs related to acquiring new hardware required for upgrades or new software.</i>	168,000	57,180	225,180
Develop Accounting Manual: <i>Costs related to the development of a detailed RI UCOA Accounting Manual.</i>	77,285	25,000	102,285
Develop Training Materials	88,190	14,400	102,590
Level 1 Training: <i>Training for Chief School Business Officials</i>	55,480	57,518	112,998
Level 2 Training: <i>Training for Accounting Personnel in Districts</i>	33,950	73,231	107,181
Level 3 Training: <i>Training for other users of accounting system and accounting information in Districts</i>	0	111,590	111,590
Total Costs	1,494,325	717,949	2,212,274

The total of External and Internal costs is estimated to be \$2,212,274. The costs are associated with changing to the existing chart of accounts to the UCOA, providing new accounting software, and developing and providing training to ensure that the UCOA is used properly and consistently.

For budget purposes, the costs will be incurred over two years as follows:

Topic	External	Internal	Total
Pilot Districts - Year 1	570,946	270,546	841,493
All Other Districts - Year 2	923,379	447,403	1,370,781
Total Costs	1,494,325	717,949	2,212,274

Closing

The time to implement a Uniform Chart of Accounts in Rhode Island is at hand. With demands on public education increasing and resources becoming scarce, it is critical that policy makers at all levels have a thorough understanding of how funds are being invested and whether or not a return is being realized on that investment. A Uniform Chart of Accounts, coupled with audit standards applied to it, will ensure that revenues and expenditures are uniformly accounted for across all districts providing reliable, standardized information upon which to base decisions. With 13 districts ready to step forward as pilots, we are poised to bring this to fruition.

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Members of the Advisory Council on School Finances as designated by R.I. General Law 16-2-9.3

Ernest A. Almonte, CPA – Auditor General, Chairman
Timothy C. Duffy – Executive Director, RI Association of School Committees
Michael Petrarca – Immediate Past President, RI Association of School Business Officials
Carolyn Dias – Director of Finance, RI Department of Education, Commissioner’s Designee
Peder Schaefer – Office of Municipal Affairs, Department of Administration

Other participants

David Abbott – RI Department of Education
Cynthia Brown – RI Department of Education
Thomas Mattos – Town of E. Greenwich
Azim Mazagonwalla – Education Partnership
Lisa Blais – Education Partnership
Mark Dunham – Providence School Department
Gary Sasse – RI Public Expenditure Council
Robert Hicks – RI Association of School Superintendents/South Kingstown School Department
Joe Balducci – RI Association of School Business Officials/Cranston School Department
Steven Janelle – RI Association of School Business Officials/Warwick School Department
Linda Ide – Office of the Auditor General
John Carroll – Office of the Auditor General
Laura Audette – Office of the Auditor General
Rick Wells – EDmin.com
Bob Camara – Board of Regents, RI Department of Education
Irene Monteiro – RI Department of Education
Diane Miele – RI Department of Education
Don Moya – New Mexico Public Education Department
Pamela Bowker – New Mexico Public Education Department
Robert Kalaskowski – Senate Policy Office

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Members of the UCOA Workgroup

1. Jane Correia & Pauline Silvia (Pilot) – Bristol Warren Regional School District
2. Robert Murray (Pilot) – Central Falls School Department
3. Toni Beaudreau & Brian Stanley (Pilot) – Chariho Regional School District
4. Melissa Devine (Pilot) – Johnston School Department
5. Christopher Mallett & Ron DiFabio (Pilot) – Narragansett School Department
6. Michael Saunders (Pilot) – Newport School Department
7. Linda Celona (Pilot) – North Providence School Department
8. Lisa Cournoyer (Pilot) – Smithfield School Department
9. Donna Chase-Larsen (Pilot) – Times² Academy
10. Robin Reasor & Dottie Eckersley (Pilot) – Tiverton School Department
11. Miriam Goodman (Pilot) – Woonsocket School Dept

12. Steve Janelle (Potential Pilot) – Warwick School Dept – RIASBO Representative
13. Joseph Balducci – Cranston School Dept – RIASBO Representative
14. Michael D'Antuano & Ralph Salvatore (Potential Pilot) – Providence School Department
15. Azim Mazagonwalla – Education Partnership
16. Peder Schafer – Office of Municipal Affairs
17. Tim Duffy – RI Association of School Committees
18. Linda Ide & John Carroll – Office of the Auditor General
19. Gary Sasse – RI Public Expenditure Council

Carolyn Dias – RIDE, Director of Finance

Cynthia Brown – RIDE, Senior Finance Office for Data and Analysis

Rick Wells – Vice President, EDmin.com, Consultant